

## WAYS AND MEANS LEADERS INTRODUCE BILL TO PROTECT MEDICARE BENEFICIARIES

Wednesday, 23 September 2009

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### WAYS AND MEANS LEADERS INTRODUCE BILL TO PROTECT MEDICARE BENEFICIARIES

Bill prevents seniors and people with disabilities from unfair Medicare Part B premium increase

WASHINGTON & House Ways and Means Health Subcommittee Chairman Pete Stark (D-CA) and Committee Chairman Charles B. Rangel (D-NY) today introduced H.R. 3631, the "Medicare Premium Fairness Act" with U.S. Representative Dina Titus (D-NV), as well as Energy and Commerce Chairman Henry Waxman (D-CA), Chairman Emeritus John Dingell (D-MI) and Health Subcommittee Chairman Frank Pallone (D-NJ).

The bill will protect seniors and people with disabilities from unfair increases in their 2010 Medicare Part B premiums. The bill will be considered by the full House of Representatives tomorrow under suspension of the rules. AARP, The National Committee to Preserve Social Security and Medicare (NCPSSM), the Center for Medicare Advocacy (CMA), Alliance for Retired Americans, and the National Active and Retired Federal Employees (NARFE) Association have all endorsed H.R. 3631.

"Because there is not expected to be a cost-of-living adjustment, some seniors would face a substantial increase in their Medicare Part B premiums," said Health Subcommittee Chairman Pete Stark (D-CA). "These hikes would threaten the pocketbooks of new enrollees and retirees, as well as state budgets, which cover premiums for low-income seniors."

"This legislation protects Medicare beneficiaries from facing an unfair Part B premium increase," said Chairman Rangel. "There is absolutely no reason this burden should fall on seniors and people with disabilities, especially during difficult economic times."

## Background

Currently, 42 million seniors and people with disabilities are enrolled in Medicare Part B. The standard Part B premium for 2009 is \$96.40 per month (higher for individuals with incomes over \$85,000 or \$170,000 for couples). By law, the premium is calculated each year to cover approximately 25 percent of the cost of the Medicare program.

Premiums would normally increase to roughly \$103 next year to cover 25 percent of the program's cost. However, a current law "hold harmless" policy ensures that most seniors do not see a decrease in their Social Security checks if the Part B premium increase is projected to be greater than the increase in Social Security. Because of the recession, next year's Social Security cost-of-living adjustment (COLA) may be zero and checks will not increase; the current law "hold harmless" means that Part B premiums will not increase for 2010 for 73 percent of enrollees.

The other 27 percent of enrollees are not held harmless under current law. These include low-income individuals who are eligible for Medicare and Medicaid (18%, or 7.3 million beneficiaries), higher-income Medicare beneficiaries (5%, or 2.1 million beneficiaries), new Medicare enrollees (3% or 1.3 million beneficiaries) and enrollees whose Medicare premiums are not deducted from their Social Security checks (2%, or 850,000 beneficiaries). Because of the way the law is written, premiums for the enrollees who are not currently held harmless would be disproportionately increased to \$110-\$120 per month, unless Congress acts. This is the first time that such an interaction has occurred.

This bill would extend the current hold harmless policy to all Medicare enrollees, meaning that no seniors will see a decrease in their Social Security checks due to Medicare Part B premiums.

CBO estimates the cost of the bill at \$2.8 billion for 2010 and the bill is fully paid for by reducing the Medicare Improvement Fund, a non-controversial set-aside fund in Medicare.

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